

MEMORANDUM

DATE: January 28, 2021

TO: City Council

FROM: Kristen Holdsworth, AICP, Senior Planner

CC: Mayor Nicola Smith
David Kleitsch, Development and Business Services Director
Ashley Winchell, AICP, Community Planning Manager

RE: **Follow up from January 19, 2021 Council Work Session Housing Action Plan Presentation**

Thank you for an engaging discussion regarding the Housing Action Plan at the January 19, 2021 Council Work Session. Below are a few follow-up items in response to some questions and comments we received. We look forward to returning to discuss the draft plan and public comment period on February 17, 2021 (pending Council Leadership approval).

Updated PowerPoint Slides

Attached to this memo is the updated PowerPoint presentation. We wanted our presentation to be as useful as possible, so we included more details in the slides. Due to the tight timelines of this project we were unable to have them ready by the time Council agenda materials were due. Thank you for your understanding.

Questions about Rental Properties

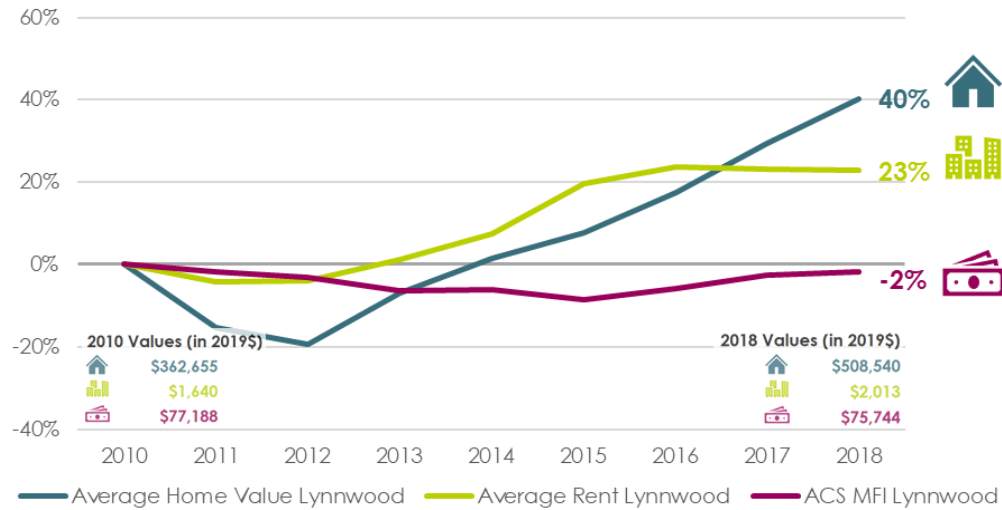
There were questions and comments regarding data for rental properties. A lot of information about rental properties and renter characteristics can be found in the Housing Needs Assessment (HNA), which can be accessed under the “documents” tab on the project website: www.lynnwoodwa.gov/housingactionplan.

The total number of apartments at specific individual price levels is not available. However, we can achieve a very descriptive assessment of Lynnwood’s renters and the rental market by reviewing the average rental costs, vacancy rates, and cost burden rates. The following pages contain a summary of some of the information contained in the Housing Needs Assessment:

Housing Costs and Income – Changes over time

Since 2010 Lynnwood home values have increased by 40% when accounting for inflation. Rent has increased 23% when accounting for inflation. During the same time period, incomes in the City of Lynnwood decreased 2% when adjusted for inflation.

Exhibit 1: Percent change since 2010 in Average Home Values, Rents, and HUD MFI in Lynnwood After Adjustment for Inflation



Sources: Zillow, 2020; ACS Income 5-year estimates (Table S1901) 2010 - 2018; Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) Seattle-Tacoma-Bellevue WA 2010 - 2019; BERK, 2020.

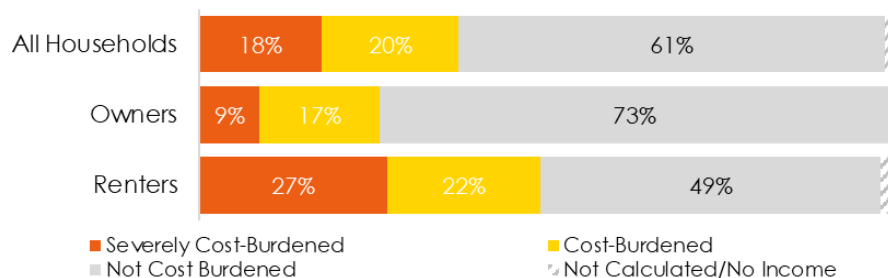
Vacancy Rates

Vacancy rates indicate the number of units available (unoccupied). Lynnwood has extremely low vacancy rates. According to 2018 ACS data, vacancy rates are 4.4% for rental units and 1.2% for owner-occupied units. A healthy housing market has a vacancy rate of around 5%. When vacancy rates sink below 5% there are fewer options on the market for households seeking to move. This increases competition for the limited supply of available units and results in upward pressure on housing costs.

Cost Burden

Renters are more likely than homeowners to experience cost burden. Half of Lynnwood renter households experience moderate or severe cost burden, compared to 26% of homeowners.

Exhibit 2: Household Occupancies by Cost Burden in Lynnwood, 2016.



Sources: HUD CHAS Table 8 (based on ACS 2012-2016 5-year estimates); BERK Consulting, 2020.

Additional Information about Survey Responses

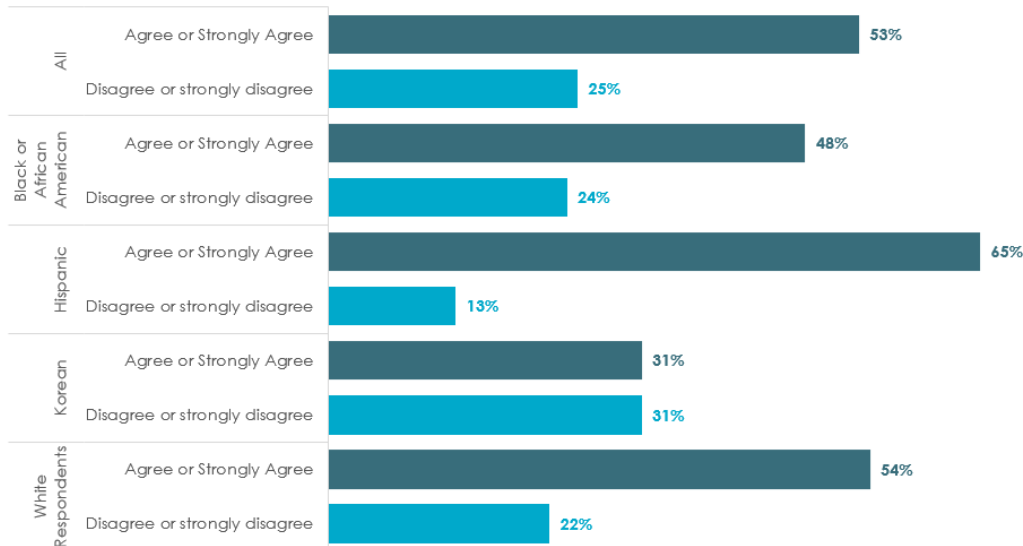
Potential for Individuals Submitting Multiple Online Survey Responses

We analyzed the Internet Protocol (IP) addresses of the online survey responses to re-verify that we did not have individuals taking the survey multiple times. There are only 9 instances of repeat IP address (less than 20 surveys in total). All of these instances had 3 or fewer responses, meaning less than 3% of total responses came from duplicate IP addresses. The survey included a security feature which did not allow for multiple survey submissions from the same device. While it is possible someone attempted to respond to the survey multiple times on different devices, it is also possible that multiple people in the same household or building (using the same internet IP address) responded to surveys on different devices.

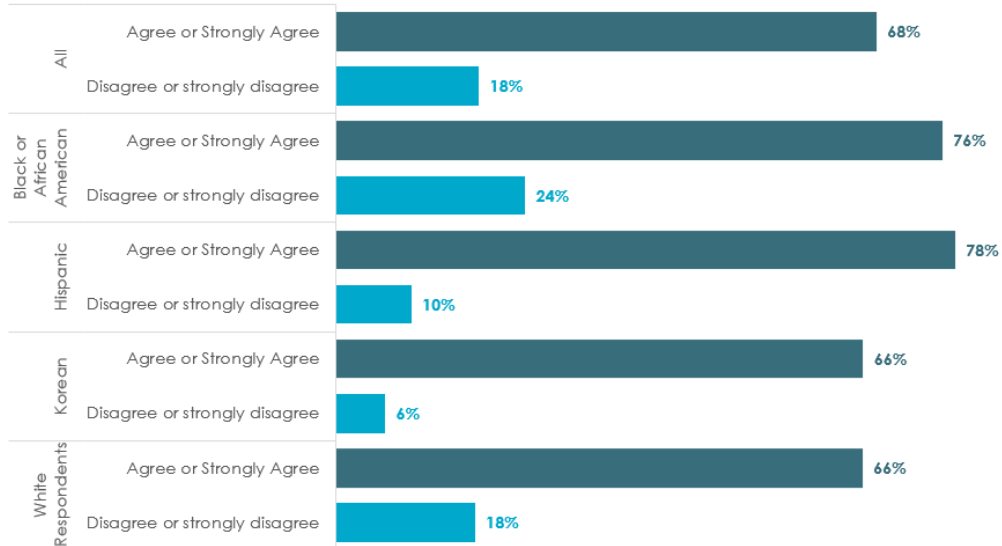
Survey Questions Broken Down by Race/Ethnicity

Our consultants (BERK) have provided responses to the “agree/disagree” questions broken down by race/ethnicity and compared to all survey responses. BERK has included the four race/ethnicities that had the most total responses to the survey.

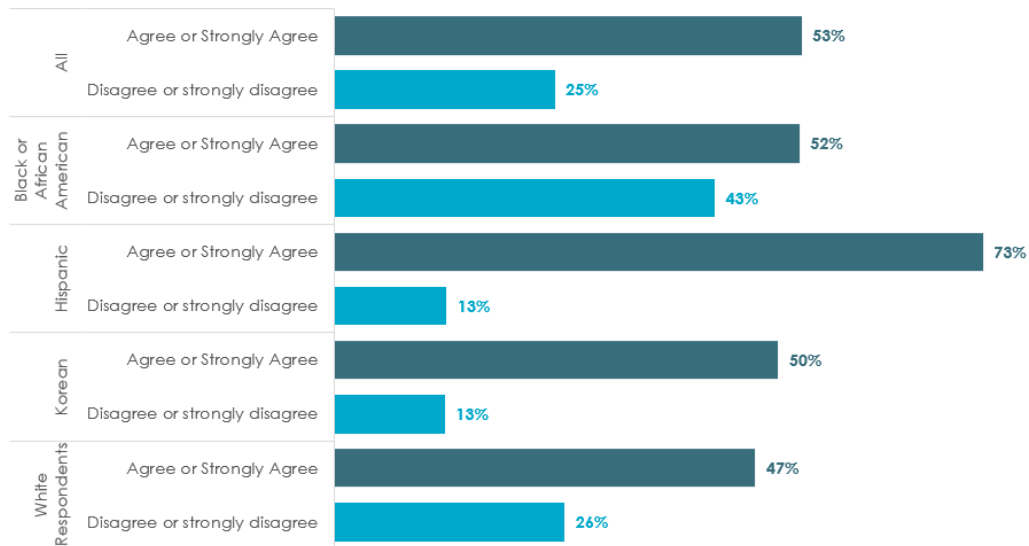
The City should allow a developer/builder greater flexibility in exchange for guaranteeing affordable housing units.



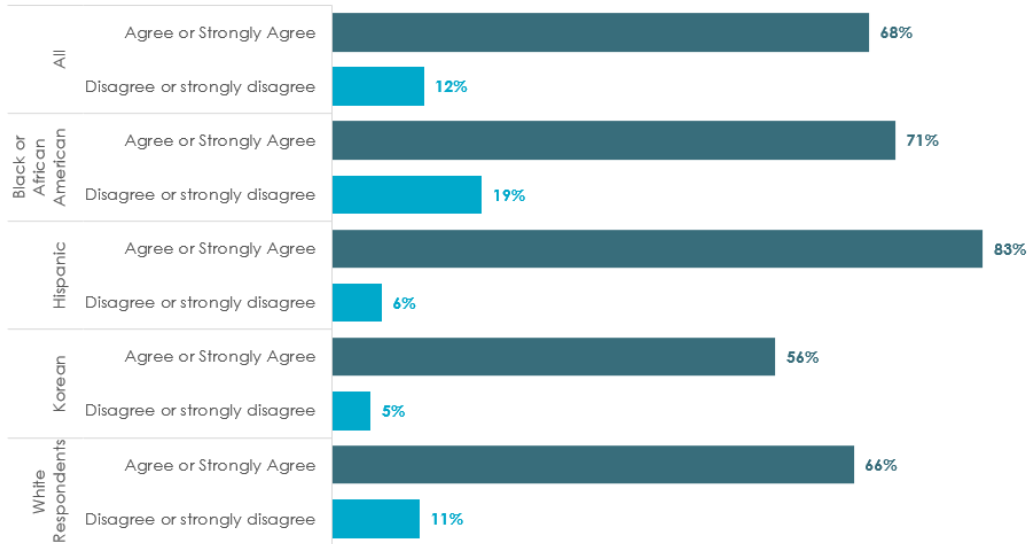
The City should require developers/builders to provide some affordable housing units in all developments.



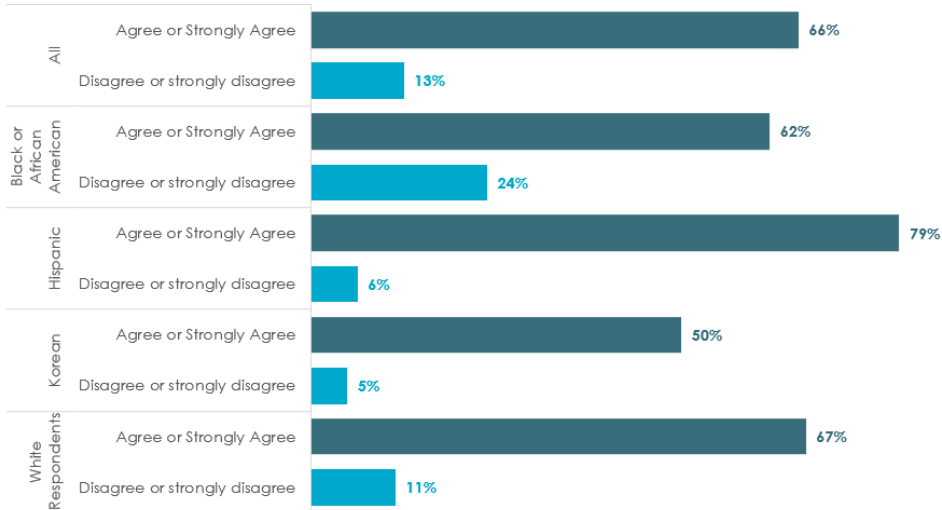
I am concerned that I will not be able to live in Lynnwood because of housing costs.



I would like the city to create a rental inspection program to make sure housing units are safe.



I would like to see more renter/tenant protections in Lynnwood to discourage landlords from taking advantage of renters.



Next Steps

*Dates are subject to change based on legislative process/scheduling

- Mid-February – Draft Housing Action Plan released for public comment
- February 11 – Planning Commission Meeting (Human Services and Diversity, Equity and Inclusion Commissions are invited to attend to discuss draft Housing Action Plan)
- February 17 – Council Update – Draft Housing Action Plan and Public Outreach (pending Council Leadership approval of agenda item)
- March 11 – Planning Commission – Housing Action Plan Briefing
- March 15 – Council Work Session – Draft Plan and Legislative Process
- March 26 – Planning Commission – Housing Action Plan Action/Recommendation to Council
- April 19 – Council Work Session – Housing Action Plan Briefing
- May 10 – Council Business Meeting – Housing Action Plan Action

Attachment

- January 19, 2021 Council Presentation – PowerPoint Slides



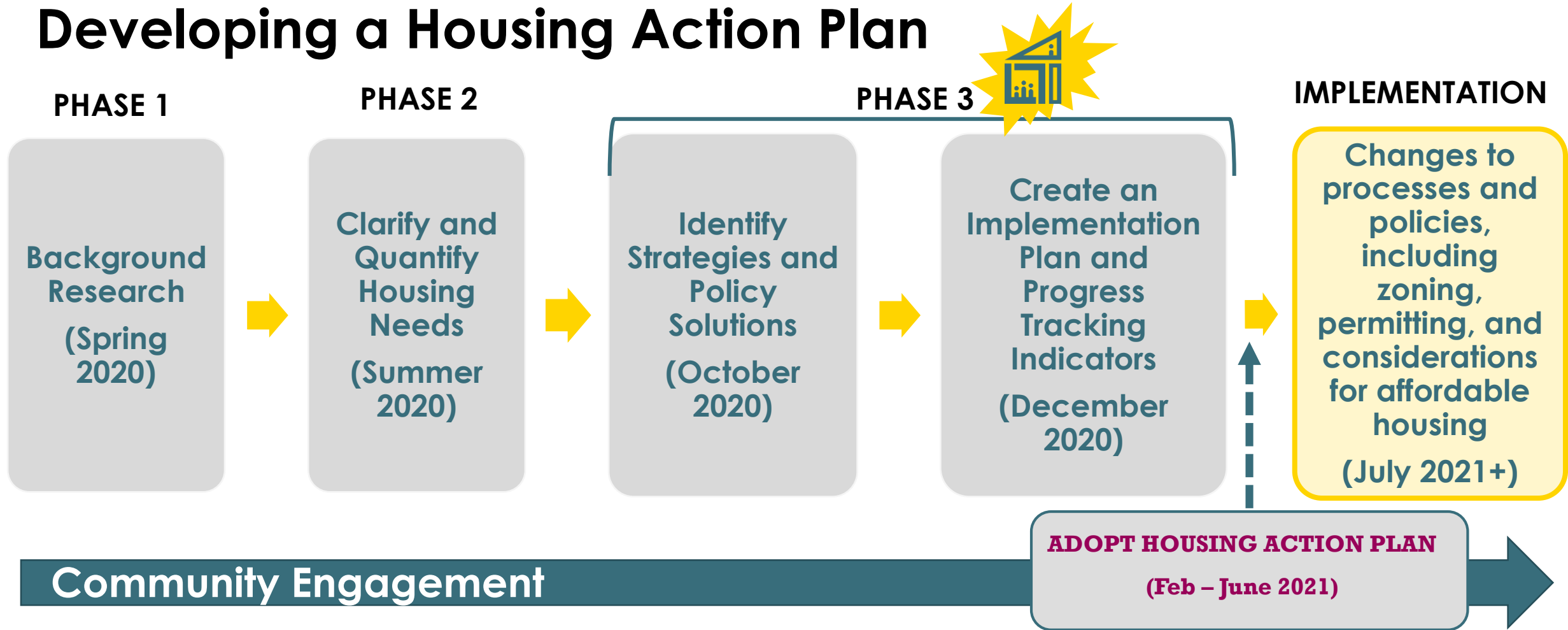
LYNNWOOD HOUSING ACTION PLAN

City Council Update

January 19, 2021



Developing a Housing Action Plan





POLICY AND CODE REVIEW

1. **The Snohomish County Housing Affordability Regional Task Force (HART).** The City has implemented all of the early-action items and a majority of the five-year actions.
2. **The Multifamily Tax Exemption (MFTE)** program in the City Center subarea.
3. **Streamlined Permitting Process/Process Improvements**
4. **SHB 1406** revenue for housing \$196,581 (dependent on sales tax) annually for the next 20 years.
5. **Regional Coordination** – AHA, Interlocal Agreement with HASCO, etc.



**CURRENT +
ONGOING
EFFORTS**

1. Overall, Lynnwood has been **successful** at increasing the number of new housing units.
2. The city's policy focus on creating the City Center subarea and **focusing growth in designated subareas is working**, although some subareas are performing better than others.
3. City policy references the **need for housing diversity**. While several “**missing middle**” housing types are allowed across a range of zones, the total acreage of these zones (and potential for redevelopment) is **limited**.
4. The development code contains **inconsistencies and seemingly small requirements** that lead to significant challenges for implementation.



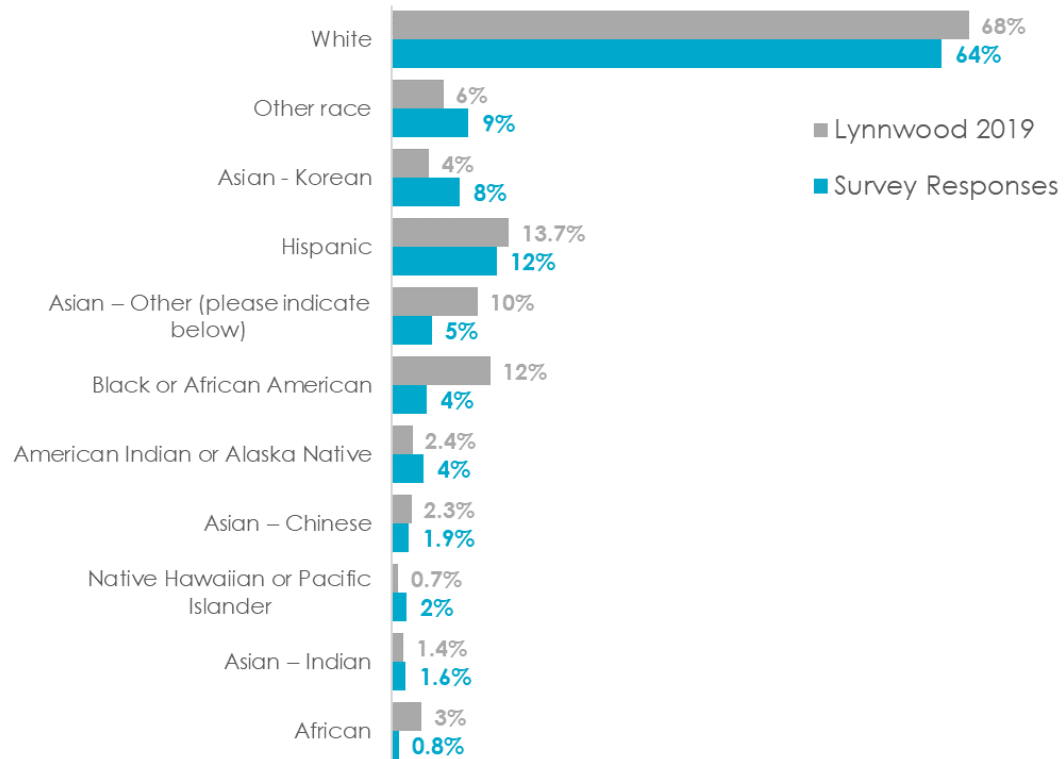
POLICY AND CODE REVIEW



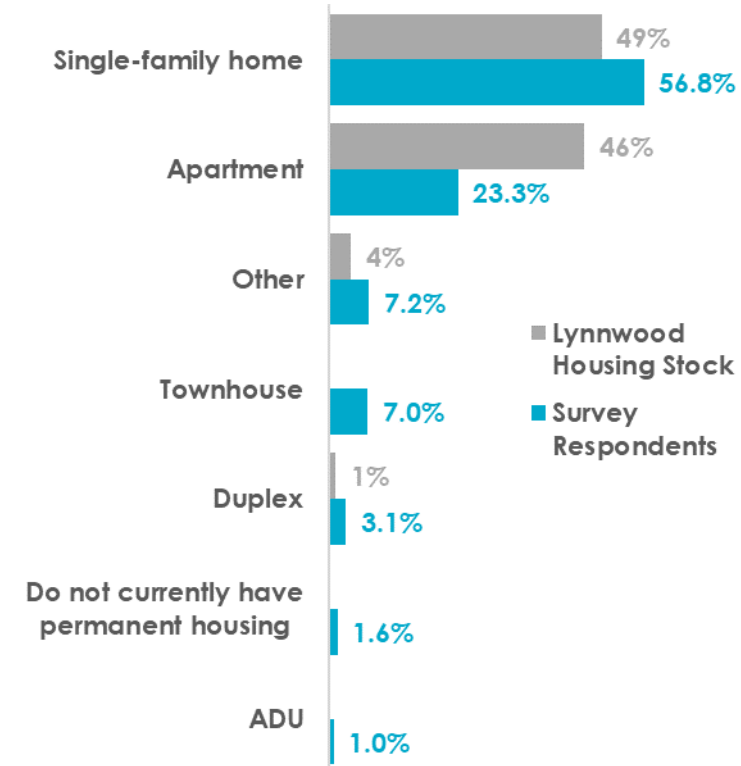
PUBLIC ENGAGEMENT

Who have we heard from?

Respondents, by race and/or ethnic identity



Respondents, by housing type



**When you are looking
for a place to live,
what is most important
to you?**

Top 5 Responses

Safety

369

Cost

365

**Character/visual appeal
of the home**

196

**Close to grocery stores or
other food sources**

195

Commute time

176

Different Housing Types

ADUs

- Homeowners feel that **cost and complexity** are the biggest barriers to building an ADU
- Renters express that **privacy and proximity to a landlord** are the least desirable traits of ADUs
- 17% who responded (43 people) say that they **would enjoy living in an ADU**



Different Housing Types

Duplexes/Triplexes/Fourplexes

- Like that they are **more affordable** than single-family homes
- Feel that that **fit well** in existing neighborhoods
- Could see this type **throughout residential neighborhoods** in Lynnwood
- Concerns about **parking and traffic**



Different Housing Types

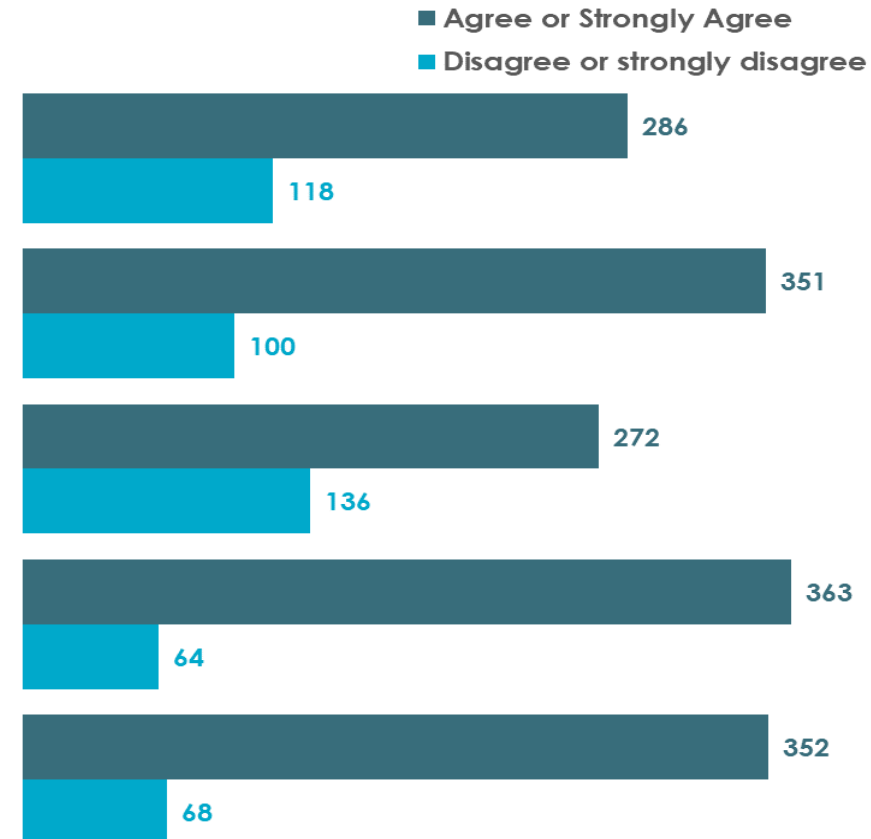
Townhomes

- Like that they offer **affordable home ownership** opportunities
- Could see this type **throughout Lynnwood**
- Concerns about **parking and traffic**
- Hesitations around **HOA fees and restrictions**



Agree / Disagree Statements

- The city should offer **incentives** to developers for inclusion of affordable housing
- The city should **require** developers to **build affordable housing**
- I am concerned that I will not be able to live in Lynnwood because of **housing costs**
- I would like the city to create a **rental inspection program**
- I would like to see more **renter/tenant protections** in Lynnwood



Housing Action Plan Goals

PRODUCE

Produce housing that meets the needs of the community.

PRESERVE

Preserve existing housing that is affordable and safe so that people can stay in Lynnwood.

PARTNER

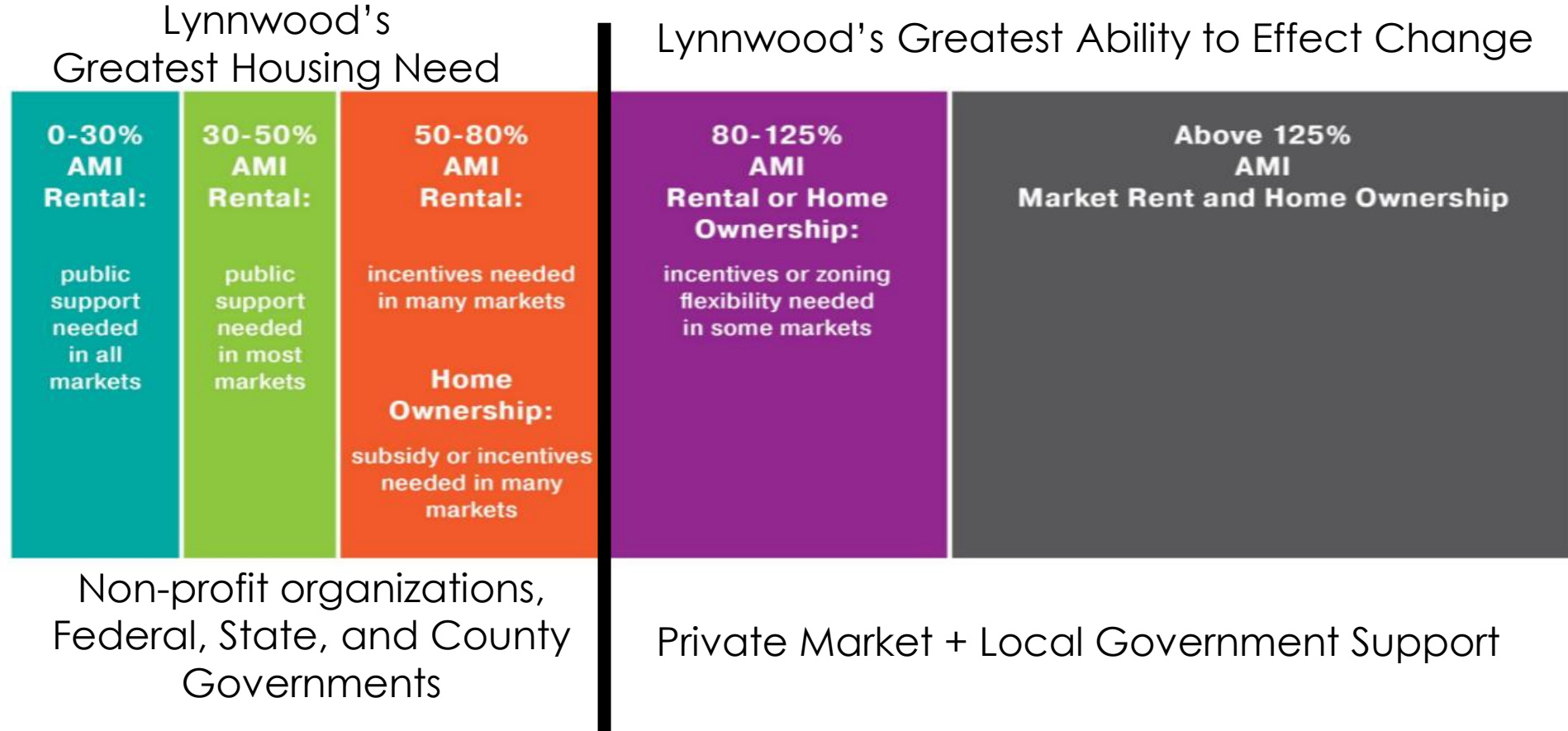
Partner with housing educators, providers, and other groups to find equitable housing solutions and remove systemic barriers.

PREPARE

Prepare for continued growth and increase quality of life in Lynnwood.

Different strategies for different needs


- LOWER housing costs require GREATER public intervention



Local Government's Role on Addressing Housing Affordability

1. Policy and Regulatory Actions
2. Funding
3. Community Outreach and Engagement



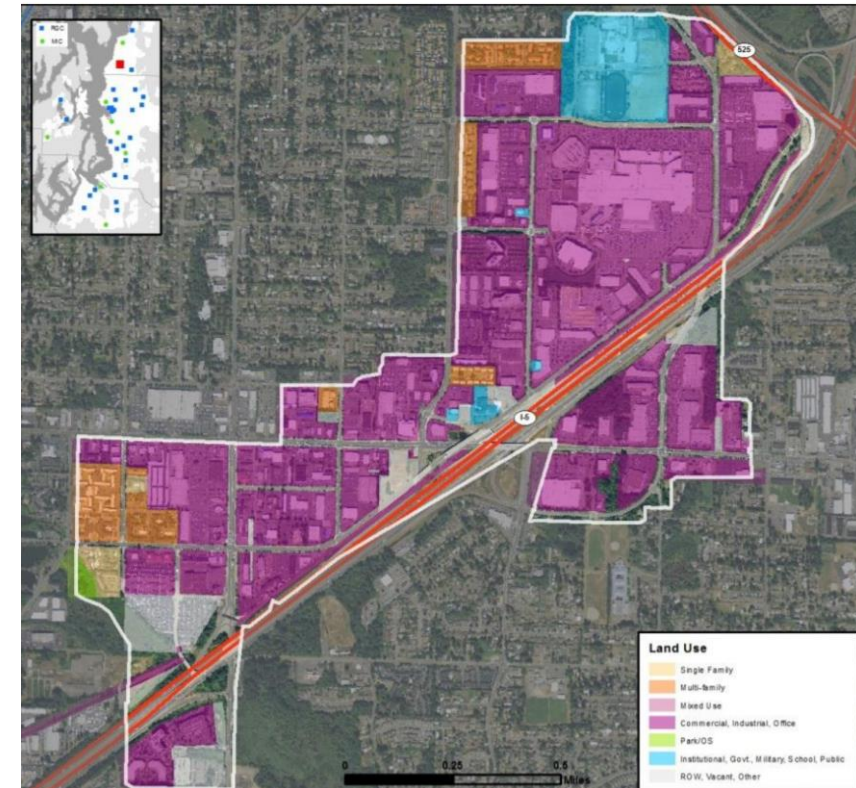


Strategies that encourage additional housing units

1. Continue growth in the Regional Growth Center (Alderwood and City Center) and along major transportation corridors.
2. Update regulations, design standards, and subarea plans to be more flexible and responsive to changing conditions.
3. Strategically rezone areas to increase missing middle housing, allow for rehabilitation of existing multifamily structures, and reduce barriers to income-restricted units.
4. Revise the Multifamily Tax Exemption (MFTE) program.
5. Partner with local housing providers.

1: Continue growth in Regional Growth Center (Alderwood and City Center) and along major transportation corridors.

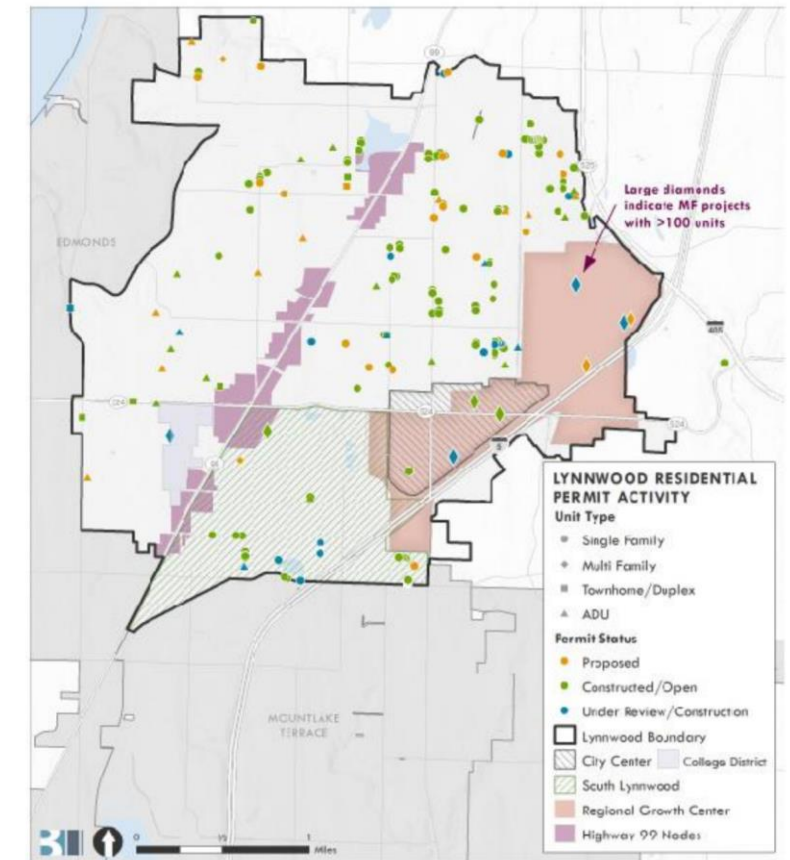
- Revise development standards
- Plan for capital facilities and amenities
- Update design guidelines
- Adopt Planned Action Ordinance(s)



2: Update regulations, design standards, and subarea plans to be more flexible and responsive to changing conditions.

- Focus updates on commercial and mixed-use zones
- Revise the Highway 99 and College District subareas
- Remove code barriers and be more flexible/responsive to changing development conditions (ADU, parking, Public zone, uses allowed on church property, etc.)
- Reduce need for development agreements for housing development
- Revise development guidelines

Exhibit 35: Residential Development in Lynnwood, January 2013- March 2020.



Sources: City of Lynnwood, 2020; BERK Consulting, 2020.

3: Strategically rezone areas to increase missing middle housing, allow for rehabilitation of existing multifamily structures, and reduce barriers to income-restricted units.

- Comprehensive Plan update – update Future Land Use (FLU) map and rezone properties



4: Revise the Multifamily Tax Exemption (MFTE) program.

- Streamline process
- Encourage more income-restricted units
- Expand locations

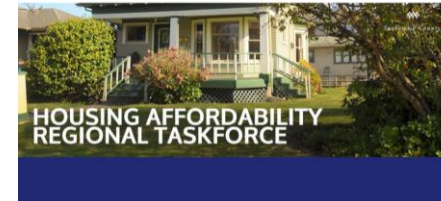



5: Partner with local housing providers.

- Participate with regional efforts (AHA, Snohomish County, Housing Hope, Edmonds School District)
- Connect housing providers to resources
- Facilitate development conversations
- Be flexible and responsive to changing market conditions
- Revolving loan fund
- Can use 1406 funds towards new income-restricted units



Snohomish County, Washington





Strategies that address the increasingly expensive housing market

6. Support third-party purchases of existing affordable housing to keep units affordable.
7. Work with faith-based and non-profit organizations.
8. Develop a rental registry program.
9. Encourage amenities that enhance quality of life.
10. Continue community conversations about housing.

6: Support third-party purchases of existing affordable housing to keep units affordable.

- Support creation of revolving loan fund
- Assist with zoning certification/analysis
- Can use 1406 funds to rehabilitate units



7: Work with faith-based and non-profit organizations.

- Be flexible and responsive to ideas
- Revise public zones to allow for more types of housing
- Can use 1406 funds to fund projects



8: Develop a rental registry program.

- Identify program goals, applicability, inspection timelines, and enforcement capabilities

**Rental Property
Registration**



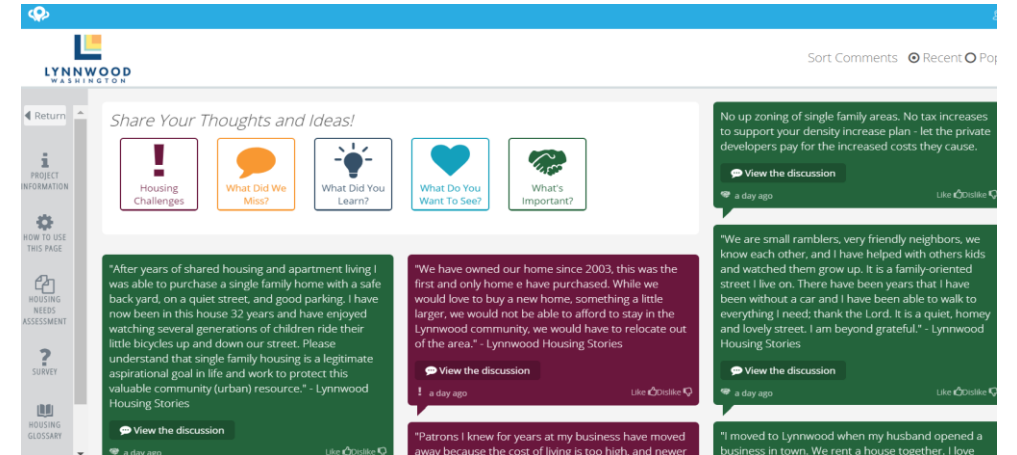
9: Encourage amenities that enhance quality of life.

- Code updates to allow outright and incentivize “village” amenities (community meeting spaces, locally owned retail opportunities, etc.)



10: Continue community conversations about housing.

- Raise awareness of housing needs and solutions
- Continue and improve engagement and building trust with communities of color, underserved communities, and low-income communities
- Make sure all community voices are represented



NEXT STEPS

www.lynnwoodwa.gov/housingactionplan

- **January 28** – Planning Commission Update
- **Mid-February through Early March** – Draft Housing Action Plan Public Release
- **March** – Planning Commission Briefing + Hearing
- **April** – Council Briefing + Hearing



www.lynnwoodwa.gov/housingactionplan



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